# LEGISLATIVE SERVICES AGENCY
## OFFICE OF FISCAL AND MANAGEMENT ANALYSIS

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## FISCAL IMPACT STATEMENT

**LS 8002**
**BILL NUMBER:** HB 1001

**DATE PREPARED:** Feb 23, 2001
**BILL AMENDED:** Feb 22, 2001

**SUBJECT:** State Budget.

**FISCAL ANALYST:** Kathy Norris; Alan Gossard
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**FUNDS AFFECTED:** **X** **GENERAL**
**X** **DEDICATED**
**X** **FEDERAL**

**IMPACT:** State & Local

**Summary of Legislation:** (Amended) This bill appropriates state money for the biennium beginning July 1, 2001, and ending June 30, 2003.

*Tobacco Settlement Fund:* The bill provides that the maximum amount of expenditures, transfers, or distributions that may be made from the Indiana Tobacco Master Settlement Agreement Fund during a state fiscal year is equal to: (1) 75% of the amount of money received or to be received by the state under the Agreement during that state fiscal year (after subtracting the amount appropriated to the Children's Health Insurance Program (CHIP) from funds accruing to the state from the tobacco settlement); plus (2) any amounts that were available for expenditure, transfer, or distribution during preceding state fiscal years but that were not expended, transferred, or distributed. It also establishes certain existing trust funds as accounts within the Indiana Tobacco Master Settlement Agreement Fund. The bill establishes the regional health care construction account within the Indiana Tobacco Master Settlement Agreement Fund. The bill provides that this account is established for the purpose of providing state psychiatric hospitals and developmental centers, regional health centers, or other health facilities designed to provide crisis treatment, rehabilitation, or intervention for adults or children with mental illness, developmental disabilities, addictions, or other medical or rehabilitative needs. It also provides that beginning January 1, 2001, money shall be transferred during each calendar year from the Indiana Tobacco Master Settlement Fund to the account. Amounts appropriated for the regional health care construction account shall be transferred before any other expenditures, transfers, or distributions are made from the Indiana Tobacco Master Settlement Agreement Fund. Any unspent balances in the 2000 appropriation from the Indiana Tobacco Master Settlement Agreement Fund for capital costs for community mental health centers do not revert until 2004.

*Sales Tax Revenue:* This bill provides that sales tax revenue dedicated to the Public Mass Transportation Fund, the Industrial Rail Service Fund, and the Commuter Rail Service Fund shall instead be deposited in the General Fund. The bill appropriates money for those funds from the Motor Vehicle Highway Account Fund.

*School Funding Provisions:* For purposes of the school funding provisions, the bill: (1) changes the dollar amounts used in the calculation of a school corporation's target revenue per ADM; (2) provides that the minimum guaranteed amount of a school corporation's target revenue per ADM in 2002 and 2003 is equal to the previous year revenue increased by 2%, then divided by the current year adjusted ADM; and (3) amends the provisions concerning calculation of target general fund property tax rates. The bill increases the amounts of the Special Education Grants for pupils with severe disabilities, pupils with mild and moderate disabilities, and pupils in homebound programs in 2002 and 2003 by 2.5%. The bill also increases the amounts of the At-Risk Program Grant in 2002 and 2003 by 2%. It also increases the amounts of the Honors Diploma Grant in 2002 and 2003. The bill adjusts the calendar year caps for school funding distributions. The bill also provides that a school corporation's funding under the Primetime program may not increase by more than 2.5% over the amount received by the school corporation under the program in the preceding year. The bill amends a provision in the Primetime distribution formula to allow Crothersville Community Schools (which did not participate in the Primetime funding program in 2000) to receive a distribution in 2001 and in following years.

*Bonding Authorization:* The bill authorizes the trustees of Purdue University to issue bonds for the purpose of constructing, remodeling, renovating, furnishing, and equipping the Recreation Gymnasium project at the West Lafayette campus. The project is not eligible for fee replacement.

*Energy Assistance Grants:* This bill authorizes the Budget Agency to provide Energy Assistance Grants to assist eligible school corporations and state educational institutions in meeting the cost of increased heating expenses incurred during the period beginning November 1, 2000, and ending March 31, 2001. To be eligible to receive such a grant, a school corporation or a state educational institution must have incurred heating expenses during that period that are at least twice the heating expenses incurred during the same months in the previous school year. Not more than $20,000,000 in grants may be provided to school corporations and not more than $5,000,000 in grants may be provided to state educational institutions. The bill appropriates the amounts for the grants from the Build Indiana Fund.

*Commissions:* The bill adds regional health facilities to the list of facilities covered by the State Office Building Commission provisions. The bill provides that the Indiana War Memorials Commission may hire employees only with the approval of the Budget Agency. The bill provides that the Budget Director or the Budget Director's designee is a member of the Recreational Development Commission.

*Rainy Day Fund:* This bill also provides that after all statutory transfers are made from the Counter-Cyclical Revenue and Economic Stabilization Fund, the Treasurer of State shall in June 2002 and June 2003 transfer any balance in the fund in excess of the June 30, 2001, balance to the state General Fund. It also provides that if the Medicaid appropriation is exhausted, the State Budget Agency, with the approval of the Governor and after review by the State Budget Committee, may transfer from the Counter-Cyclical Revenue and Economic Stabilization Fund to the state General Fund an amount necessary to maintain a positive balance in the state General Fund.

*Other Provisions:* The bill provides that the state funds intercept provisions also apply to defaults by private holding corporations and public holding corporations.

This bill also provides that ISTEP program testing shall be administered in science beginning in school year 2003-2004 and social studies in school year 2004-2005.

The bill establishes the State Museum Development Fund for the purpose of promoting interest in and use of the Indiana State Museum. The fund consists of revenue generated by exhibit fees, concessions, donations, grants, and other miscellaneous revenue.

This bill provides that property tax collections from indefinite-situs distributable property of railroad car companies that were collected after June 30, 1999, and before January 1, 2001, and were credited to the Commuter Rail Service Fund and distributed to a commuter transportation district may be retained by the commuter transportation district and used for any legal purpose.

The bill also provides that the Speaker of the House of Representatives and the President Pro Tempore of the Senate shall each appoint a representative from a high technology business to the Indiana Twenty-First Century Research and Technology Fund Board.

The bill transfers $9,000,000 from the Underground Petroleum Storage Tank Excess Liability Trust Fund to the Environmental Remediation Revolving Loan Fund as follows: (1) $4,500,000 on July 1, 2001; and (2) $4,500,000 on July 1, 2002. It transfers $500,000 each year of the biennium from the Underground Petroleum Storage Tank Excess Liability Trust Fund to the Oil and Gas Environmental Fund for plugging abandoned oil wells.

The bill allocates 1% of the state's private activity bond volume cap to the Indiana Secondary Market for Education Loans, Incorporated (ISMEL).

The bill also appropriates money from the Build Indiana Fund to the Property Tax Replacement Fund. For tax years beginning after 2001, the bill provides a credit against state tax liability for property taxes paid on personal property. It specifies that the credit is equal to the amount of property taxes paid on personal property that has an assessed valuation of not more than $37,500. It also repeals the existing Personal Property Tax Reduction Credit.

The bill also provides that the homestead credit percentage shall be 10% in 2002.

**Effective Date:** July 1, 2000 (retroactive); January 1, 2001 (retroactive); Upon passage; July 1, 2001; December 31, 2001; January 1, 2002.

**Explanation of State Expenditures:** (Revised) This bill establishes the state budget appropriations for FY 2002 and FY 2003. Total appropriations are $10,269.6 M for FY 2002 (a 2.2% increase over FY 2001) and $10,657.7 M for FY 2003 (a 3.8% increase over FY 2002).

Of this amount, total operating appropriations are $10,046.8 M for FY 2002 (a 3.7% increase over FY 2001) and $10,434.8 M for FY 2003 (a 3.9% increase over FY 2002). Appropriations for capital projects represent $222.8 M for FY 2002 and $222.8 M for FY 2003.

Appropriations from the General Fund and the Property Tax Replacement Fund are provided by functional category in the following table.

| General Fund and Property Tax Replacement Fund: FY 2002-FY 2003. | | | |
|---|---|---|---|
| **Functional Category** | **FY 2002** | **FY 2003** | **% Change** |
| **General Government** | 319,473,331 | 323,223,829 | 1.2% |
| **Corrections** | 566,619,933 | 569,757,605 | 0.6% |
| **Other Public Safety** | 112,420,418 | 112,378,429 | 0.0% |
| **Conservation and Environment** | 96,262,963 | 96,186,218 | -0.1% |
| **Economic Development** | 71,810,742 | 72,189,117 | 0.5% |
| **Transportation** | 1,104,363 | 1,136,429 | 2.9% |
| **Mental Health** | 239,736,034 | 240,658,657 | 0.4% |
| **Public Health** | 117,351,582 | 118,551,582 | 1.0% |
| **Medicaid** | 1,138,170,506 | 1,208,156,402 | 6.1% |
| **Family and Children** | 260,194,092 | 258,194,092 | -0.8% |
| **Social Services and Veterans** | 246,763,809 | 243,058,423 | -1.5% |
| **Higher Education** | 1,418,426,455 | 1,466,512,905 | 3.4% |
| **Education Administration** | 56,484,699 | 55,827,999 | -1.2% |
| **Tuition Support - Gen. Fund** | 1,956,815,796 | 2,022,562,850 | 3.4% |
| **Tuition Support - PTR Funds** | 1,470,293,096 | 1,536,040,150 | 4.5% |
| **Social Security - Teachers** | 2,403,792 | 2,403,792 | 0.0% |
| **Teachers Retirement** | 435,400,000 | 472,000,000 | 8.4% |
| **Other Local Schools** | 269,727,890 | 296,983,802 | 10.1% |
| **Other Education** | 12,208,132 | 12,562,587 | 2.9% |
| **PTR and Homestead Credits** | 1,228,236,117 | 1,298,937,107 | 5.8% |
| **Distributions - Gen. Fund** | 26,850,488 | 27,521,749 | 2.5% |
| **Subtotal - Operating** | 10,046,754,238 | 10,434,843,724 | 3.9% |
| | | | |
| **Higher Education Construction** | 46,254,908 | 46,254,908 | |
| **Other Construction** | 176,573,945 | 176,573,945 | |
| **Subtotal - Capital Projects** | 222,828,853 | 222,828,853 | |
| | | | |
| **Grand Total** | 10,269,583,091 | 10,657,672,577 | 3.8% |

* Appropriations "for the biennium" are apportioned 50% for each fiscal year.
** The appropriations in this table represent only those appropriations provided in HB 1001.

Appropriations from dedicated and federal funds for the biennium and retroactive appropriations for FY 2001 are presented in the following table.

| Dedicated, Federal, and Retroactive Appropriations: FY 2002-FY 2003. | | | |
|---|---|---|---|
| **Functional Category** | **FY 2002** | **FY 2003** | **% Change** |
| **BIF & Lottery/Gaming Surplus** | 166,705,579 | 166,705,579 | |
| **Other Dedicated - Operating** | 1,127,742,662 | 1,162,857,657 | 3.1% |
| **Other Dedicated - Construction** | 34,149,126 | 34,149,126 | 0.0% |
| **Tobacco Settlement** | 105,924,773 | 146,324,773 | 38.1% |
| **Federal Funds** | 655,972,596 | 667,672,596 | 1.8% |
| **Retroactive Appropriations *** | 104,100,000 | 0 | |
| **Total Dedicated** | 2,194,594,736 | 2,177,709,731 | |
| * Retroactive appropriations are for FY 2001. | | | |

*Tobacco Settlement Provisions:* This bill provides for an increase in the amount of Indiana Tobacco Master Settlement Fund revenue that may be made available for expenditure, transfer, or distribution each year. The bill provides for an increase in two ways: first, the maximum amount that may be used is increased by changing the statutory percentage allowable from 60% to 75% annually. This percentage increase in the multiplier allows for the use of an additional $23.6 M in FY 2002 and $24.6 M in FY 2003. The provision also removes the appropriation for the Children's Health Insurance Program before the calculation of the revenue available for expenditure. The second provision affecting the amount of Tobacco Funds that may be expended in the biennium allows amounts that were available for expenditure, transfer, or distribution in a prior year, but not expended, are available in the next year. Using existing forecast Tobacco revenue estimates, this would allow an additional $41 M in Tobacco Funds to be available for appropriation and subsequent expenditure. (The current statute requires these funds to be transferred to the trust portion of the Master Settlement Fund.) These provisions increase the amounts that may be expended; conversely, they decrease the level of funds accumulating in the Master Settlement Fund and reduce the interest earnings potential of the trust correspondingly.

The bill also changes certain existing trust funds as accounts within the Indiana Tobacco Master Settlement Agreement Fund. These revisions are made for administrative purposes and have no fiscal impact.

The bill establishes the Regional Health Care Construction Account within the Indiana Tobacco Master Settlement Agreement Fund to provide funding for state psychiatric hospitals and developmental centers, regional health centers, or other health facilities to provide crisis treatment, rehabilitation, or intervention for adults or children with mental illness, developmental disabilities, addictions, or other medical or rehabilitative needs. The bill provides for a $2M retroactive appropriation for FY 2001 and a $14M transfer during each calendar year of the biennium from the Tobacco Master Settlement Agreement Fund to the Regional Health Care Construction Account. The bill also requires that this transfer be made in total before any other required distributions and specifies that this transfer is exempt from the proportional reductions applied to all other distributions in the event of an unexpected shortfall in annual Tobacco Settlement revenues.

The bill provides for an annual distribution of Tobacco Settlement Funds to the Local Health Maintenance Fund in the amount of $700,000 and increases the General Fund appropriation by $630,000 in FY 2002 and $730,000 in FY 2003.

The provisions affecting the Indiana Tobacco Master Settlement Agreement Fund are summarized in the table below.

| Code Provisions Affecting Tobacco $ | FY 2001 | FY 2002 | FY 2003 |
|---|---|---|---|
| **Increase in $ Available for Expenditure**<br>(Increase Multiplier from 60% to 75% & remove CHIP appropriation before applying the 75%)<br>Prior Year Available & Unexpended | | 23,586,200<br><br>41,048,518 | 21,444,460 |
| | | | |
| **Decrease in $ Designated to Trust Fund**<br>(Decrease Multiplier from 40% to 25 %)<br>Prior Year Available & Unexpended | <br><br>(41,048,518) | <br>(31,60,600) | <br>(33,847,230) |
| **Regional Health Care Construction Account** | 2,000,000 | 14,000,000 | 14,000,000 |
| **Local Health Maintenance Fund**<br>Increase in General Fund Appropriation<br>General Fund Appropriation (I.C. 6-7-1-30.5)<br>Tobacco Master Settlement Funds | | 3,700,000<br>630,000<br>2,370,000<br>700,000 | 3,800,000<br>730,000<br>2,370,000<br>700,000 |

*School Funding Provisions:* The tuition support formula provides for a 4% increase in funding to local schools for CY 2002 and CY 2003. The following table shows the approximate distribution under the formula.

| | CY 2001 | CY 2002 | % Inc. | CY 2003 | % Inc. |
|---|---|---|---|---|---|
| **State** | 3,364,700,000 | 3,489,200,000 | 3.7% | 3,628,000,000 | 4.0% |
| **Property Taxes** | 1,658,000,000 | 1,724,300,000 | 4.0% | 1,794,100,000 | 4.0% |
| **Prior Year Excise** | 198,700,000 | 217,700,000 | 9.6% | 223,700,000 | 2.8% |
| **Total** | 5,221,400,000 | 5,431,200,000 | 4.0% | 5,645,800,000 | 4.0% |

About 183 schools will receive the foundation amount of $4,449 per adjusted ADM for CY 2002 and $4,614 per adjusted ADM for CY 2003. In CY 2002, 77 schools (and 84 schools in CY 2003) will receive the minimum increase of 2% over the prior year's regular school formula revenue.

*Bonding Authorization:* The bill authorizes Purdue University to issue bonds up to $5 M to construct, remodel, renovate, furnish, and equip the Recreation Gymnasium project. The bonding authority was originally approved in the 1999 budget bill. The project is not eligible for fee replacement. In addition, the bill provides for $225.3 M in additional bonding authority for the state universities.

*Education Energy Assistance Grants:* The bill also provides grants for schools (up to $20 M) and universities (up to $5 M) whose heating bills have more than doubled for the period between November 1, 2000, and March 31, 2001, as compared to the previous year. The bill appropriates $25 M of Build Indiana funds for FY 2001 to fund the grants. It is not known how many schools and universities would be eligible for the grants. Half of the grant distribution is to be based on the schools' or universities' cost of heating and half is on a student basis.

*Regional Health Facilities:* This bill adds regional health facilities to the types of facilities that the State Office Building Commission may own or lease. The impact of this bill on the Commission is unknown and will be partially determined by the number of regional health facility projects with which the Commission becomes involved.

*State Museum Development Fund:* The fund will be administered by the Department of Natural Resources (DNR). The DNR will be able to administer the fund given current resources. The balance of the fund is continuously appropriated and may be used at the request of the DNR with the approval of the State Budget Agency and after review by the Budget Committee.

*Commuter Rail Service Fund*: Under P.L. 253-1999, funding for the Commuter Rail Service Fund was switched from rail car property tax proceeds to a percentage (0.17%) of sales tax proceeds. The rail car property tax proceeds were then to be deposited into the state General Fund. An oversight caused the rail car property tax money to continue flowing into the Commuter Rail Service Fund until late 2000. All of the money in the fund is used by the Northern Indiana Commuter Transportation District (NICTD) to offset operating expenses and to match federal improvement grants.

NICTD received approximately $9.1 M from the Commuter Rail Service Fund in FY 2000. Approximately $3 M of that distribution was from money not intended for the fund. NICTD’s FY 2001 distributions have not been affected. This bill would permit NICTD to retain any money distributed from the Commuter Rail Service Fund before January 1, 2001. This means that NICTD would not need to repay the $3 M in distributions that they received in error.

*Income Tax Credit for Personal Property Tax Paid*: Under current law, the state pays a property tax credit equal to the net tax liability on the first $12,500 of assessed value of a taxpayer's tangible personal property. This credit is commonly referred to as the Personal Property Tax Replacement Credit (PPTRC). Because of a change in the definition of assessed value that will take effect with the 2001 payable 2002 tax year, the current credit for $12,500 AV will be based on $37,500 AV instead. <u>This scheduled change does not affect final tax bills or state costs in any way</u>. For clarity, references to assessed valuation will be in 2000 terms.

The current credit is a property tax credit which reduces the net property tax payment of personal property tax payers. Each taxpayer is entitled to one credit for up to $12,500 AV on *each* tax statement. A taxpayer receives one tax statement for each taxing district in which the taxpayer owns property. There are multiple taxing districts within each county. In CY 2000, the first year for which the credit was available, the state paid $181.4 M in credits.

This bill would change the property tax credit into an income tax credit beginning with the credit for property taxes paid in CY 2002. The new credit would limit each taxpayer to *one credit* for up to $12,500 AV within the state. The taxpayer’s assessed value within multiple districts in the state could be combined to reach the $12,500 AV statewide limit. Since this bill would allow credit for up to $12,500 AV statewide per taxpayer, it would reduce the credit amount to which a taxpayer is entitled if the taxpayer is currently receiving PPTRC on a total of more than $12,500 AV in multiple taxing districts within the state. The consolidation of the $12,500 AV statewide limit on a statewide basis would reduce the amount that the state pays for the credit.

The income tax credit may be taken against the taxpayer's liability under the Corporate Gross Income Tax, Adjusted Gross Income Tax, Supplemental Net Income Tax, Financial Institutions Tax, and Insurance

Premiums Tax. If the amount of the credit exceeds the taxpayer's liability, they may carry forward the excess in subsequent years, but they may not claim a refund.

This analysis assumes that the next reassessment of real property will be effective with property tax paid in CY 2003. The real property reassessment will affect property tax rates which are applied to both real and personal property values.

State expenses would be reduced by the repeal of the current property tax credit. Likewise, state revenues would be reduced by implementation of the income tax credit. The following table lists the estimated overall change in the state's cost for the credit.

| **Estimated Net Cost of Personal Property Tax Replacement Credit (In Millions)** | | | |
|---|---|---|---|
| | **Current Cost (Expense Reduction)** | **Cost under Proposal (Revenue Reduction/Expense)** | **Net Cost Reduction** |
| **FY 2002** | 190.4 | 94.3 (½ year) | 96.1 |
| **FY 2003** | 162.1 | 159.9 | 2.2 |
| **FY 2004** | 133.1 | 109.6 | 23.5 |
| **FY 2005** | 135.8 | 111.8 | 24.0 |

The large net cost reduction in FY 2002 results from a change in the timing of the state's expenditures for the credits due to the change from a property tax credit to an income tax credit. As a property tax credit, the state pays the credit in equal installments in June and December in the year in which the property tax is paid. Under this proposal, the state's expense for an income tax credit would occur in the last 2 quarters of the fiscal year when a taxpayer files their income tax return. Under current law, half of the CY 2002 property tax credit will be paid in June 2002 (FY 2002) and the other half in December 2002 (FY 2003). Under this proposal, the CY 2002 income tax credit expense or revenue reduction would not occur until approximately April 2003, or in the last two quarters of FY 2003. With the repeal of the property tax credit effective December 31, 2001, there would only be a six-month expenditure in FY 2002 for the December payment of the CY 2001 property tax credit. The impact of the income tax credit for CY 2002 will not occur until FY 2003.

The small net cost reduction in FY 2003 is also affected by the change in the timing of the state's expenditures. Because of the effect that reassessment will have on tax rates, the estimated annual cost of the credit will be reduced by about 30% beginning in CY 2003. Under the current statute, the FY 2003 expense would include six months of the CY 2002 higher pre-reassessment cost and six months of the lower assessment cost of CY 2003. Under this proposal, the FY 2003 expense or revenue reduction would include a full twelve months at the higher CY 2002 pre-reassessment cost. The expenditure reductions due to reassessment will not occur until FY 2004 under the income tax proposal. However the state will still see a minimal reduction in expenditures for FY 2003.

*Homestead Credit*: The state currently provides a Homestead Credit against the property tax due on a person's principal residence. The credit is currently equal to 10% of the property tax liability and is scheduled to be reduced to 4% for CY 2002 and years thereafter. The bill would increase the current Homestead Credit from 4% to 10% for CY 2002.

At the 4% credit rate under current law for CY 2002, the total cost of the credit is estimated at $82.8 M. An increase to 10% would bring the total cost in CY 2002 to about $207.1 M resulting in an increased expense of about $124.3 M. The increased expense would be spread over two fiscal years. The fiscal year cost of this provision is estimated at **$62.1 M in each of FY 2002 and FY 2003**.

Homestead credits are paid from the Property Tax Replacement Fund (PTRF) which is annually supplemented by the state General Fund. Any additional PTRF expenditures would ultimately come from the General Fund.

**Explanation of State Revenues:** (Revised) *Sales Tax Distribution:* The bill transfers sales tax revenue that is currently dedicated to the Public Mass Transportation Fund (PMTF), the Industrial Rail Service Fund (IRSF), and the Commuter Rail Service Fund (CRSF) to the state General Fund. The bill changes the distribution of tax revenue such that the state General Fund will receive 60% percent of sales tax revenue. (The Property Tax Replacement Fund will continue to receive 40% of state sales tax revenue.) Under current law, gross retail (sales) and use taxes are deposited in the State General Fund (59.03%), the Property Tax Replacement Fund ( 40%), the Public Mass Transportation Fund (0.76%), the Commuter Rail Service Fund (0.17%), and the Industrial Rail Service Loan Fund (0.04%).

According to the December 19, 2000, Revenue Forecast Update, the sales tax is expected to generate approximately $ 3,942.25 M in FY 2002 and $ 4,138.99 M in FY 2003. The tables below show the distribution of sales tax revenue under current law and with the proposed changes.

| **Distribution of FY 2002 Sales Tax Revenue: Current Law and with Proposed Changes.** | | | |
|---|---|---|---|
| **Fund** | **Current Law** | **Proposed Law** | **Difference** |
| State General Fund | $ 2,327.11 M | $ 2,365.35 M | $ 38.24 M |
| Property Tax Replacement Fund | 1,576.90 M | 1,576.90 M | -0- |
| Public Mass Transportation Fund | 29.96 M | -0- | (29.96 M) |
| Commuter Rail Service Fund | 6.70 M | -0- | (6.70 M) |
| Industrial Rail Service Fund | 1.58 M | -0- | (1.58 M) |
| Total | **$ 3,942.25 M** | **$3,942.25 M** | **-0-** |

| Distribution of FY 2003 Sales Tax Revenue: Current Law and with Proposed Changes. | | | |
|---|---|---|---|
| **Fund** | **Current Law** | **Proposed Law** | **Difference** |
| State General Fund | $ 2,443.24 M | $ 2,483.40 M | $ 40.16 M |
| Property Tax Replacement Fund | 1,655.60 M | 1,655.60 M | -0- |
| Public Mass Transportation Fund | 31.46 M | -0- | (31.46 M) |
| Commuter Rail Service Fund | 7.04 M | -0- | (7.04 M) |
| Industrial Rail Service Fund | 1.66 M | -0- | (1.66 M) |
| Total | **$ 4,139.00 M** | **$ 4,139.00 M** | **-0-** |

The bill also makes appropriations to the Public Mass Transportation Fund (PMTF), the Industrial Rail Service Loan Fund (IRSF), and the Commuter Rail Service Fund (CRSF) from the Motor Vehicle Highway Account (MVHA). The table below shows the appropriations from the MVHA to these funds in FY 2002 and FY 2003, as provided in the bill.

| Appropriation from the MVHA, FY 2002 and FY 2003. | | |
|---|---|---|
| Fund | **FY 2002** | **FY 2003** |
| Public Mass Transportation Fund | $ 29,752,493 | $ 31,240,118 |
| Commuter Rail Service Fund | 10,000,000 | 10,000,000 |
| Industrial Rail Service Fund | 1,565,921 | 1,644,217 |
| Total | $ 41,318,414 | $ 42,884,335 |

The following is a comparison of the distributions under current law and the proposed appropriations from the MVHA.

| **Fund** | **Current Law FY2002 (Est'd)** | **HB 1001 FY 2002** | **Difference** | **Current Law FY 2003 (Est'd)** | **HB 1001 FY 2003** | **Difference** |
|---|---|---|---|---|---|---|
| PMTF | $29,960,000 | $29,752,493 | ($207,507) | $31,460,000 | $31,240,118 | ($219,882) |
| CRSF | $6,700,000 | $10,000,000 | $3,300,000 | $7,040,000 | $10,000,000 | $2,960,000 |
| IRSF | $1,580,000 | $1,565,921 | ($14,079) | $1,660,000 | $1,644,217 | ($15,783) |
| Total | $38,240,000 | $41,318,414 | $3,078,414 | $40,160,000 | $42,884,335 | $2,724,335 |

The bill appropriates the above amounts from the MVHA before distributions are made to the Indiana Department of Transportation (INDOT). As a result, INDOT will receive a reduction in MVHA distributions of $41,318,414 in FY 2002, and $42,884,335 in FY 2003.

*State Museum Development Fund:* The fund consists of revenue generated by exhibit fees, concessions, donations, grants, and other miscellaneous revenue. The DNR estimates that these sources of revenue could generate $200,000 annually. Money in the fund at the end of the state fiscal year does not revert.

**Explanation of Local Expenditures:**

**Explanation of Local Revenues:** See Explanation of State Expenditures, above.

**State Agencies Affected:** All.

**Local Agencies Affected:** All.

**Information Sources:** Sarah Carney, Department of Commerce (317) 232-8944; Jay McQueen, Department of Administration, (317) 232-7636; Mickey James, Assistant Director, Office of Budget and Administration, DNR, (317) 232-4020; State Board of Tax Commissioners, Property Tax Analysis; Property tax return data; Local Government Database; John Parsons, Northern Indiana Commuter Transportation District; Auditor of State's Office; County Auditor Abstracts.